



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 3/16/2004

GAIN Report Number: MX4037

Mexico

Agricultural Situation

Weekly Highlights & Hot Bites, Issue #11 2004

Approved by:

Lisa Anderson
U.S. Embassy

Prepared by:

Benjamin Juarez, Dulce Flores, Salvador Trejo and Gabriel Hernandez

Report Highlights:

- *CLOSURE OF MEXICAN BORDER TO U.S. BEEF EQUALS LOSS OF USD 200 MILLION
 - *MEXICO FEARS IMPORTS OF FROZEN BEEF
 - *U.S. BIOTERRORISM LAW FINES ON STANDBY
 - *MEXICO WILL APPROVE TRANSGENIC TESTS
 - *MEXICO SHOULD KEEP BAN OF PLANTING TRANSGENIC CORN
 - *SUGAR BEING SMUGGLED INTO MEXICO
 - *TRADE AGREEMENT WITH JAPAN
-

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

.....

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

.....

CLOSURE OF MEXICAN BORDER TO U.S. BEEF EQUALS LOSS OF USD 200 MILLION

According to a local newspaper, Gilberto Lozano, Director of the U.S. Meat Export Federation in Mexico, calculated that the closure of the border to U.S. beef imports represented a loss of almost 200 million dollars, in the two months that the borders were closed. The loss affected U.S. exporters and 200 Mexican importers who had to lay off personnel for lack of product. Phil Seng, President of USMEF, indicated that although the border opening is partial, allowing imports of only boneless beef, this product represents 75 to 80 percent of all U.S. exports to Mexico. (Source: *Milenio* and *El Financiero*, 3/8/04)

MEXICO FEARS IMPORTS OF FROZEN BEEF

According to a local newspaper, Mexico's cattlemen expressed their fear that products coming from the United States as a result of the opening of the borders will come from product that was frozen before the appearance of BSE in that country. Juan Barrio, President of the Mexican Association of Feedlot Owners (AMEG), said that the United States has more than 42,000 tons of meat stored as a result of Japan and other countries not buying meat from them because of the BSE threat. He also said that "we do not want old meat shipped to Mexico, we want fresh meat." Mexico needs to verify very carefully that all meat entry is inspected and certified and complies with all the health requirements agreed to by both the governments of Mexico and the United States. (Source: *Reforma*, 3/6/04)

U.S. BIOTERRORISM LAW FINES ON STANDBY

The U.S. Government decided to postpone the imposition of fines -- which had been scheduled to be enforced on March 12, 2004 -- to exporters who could not comply with the procedures of the U.S. Bioterrorism Law. The measure was taken after U.S. authorities realized that the criteria (modalities & conditions) to apply economic penalties were not delivered in a timely manner, as established by Mexico. As a result of this postponement, fines will not be applied until May 13, 2004 -- the new due date for the "learning stage" which was agreed upon in December 2003. (Source: *El Universal* and *Milenio*, 3/15/04)

MEXICO WILL APPROVE TRANSGENIC TESTS

Almost two years after genetically modified organisms were found in corn cultivations north of Oaxaca, Victor Villalobos Arambula, Executive Secretary of the Intersecretarial Commission on Biosafety and Organisms Genetically Modified (CIBIOGEM), pointed out that he expects experimental transgenic tests to be authorized shortly to the National Institute of Forest, Agricultural and Livestock Investigations (INIFAP) as well as to transnational

companies, as these companies are the owners of those materials. The transgenic corn found in traditional cultivations in Oaxaca had the BT bacteria, which attacks a pest that is only in the United States. (Source: *La Jornada*, 3/10/04)

MEXICO SHOULD KEEP BAN OF PLANTING TRANSGENIC CORN

According to an international advisory group of the Secretariat of the Commission for Environmental Cooperation (CEC), Mexico should keep the ban on planting transgenic corn until there is enough information regarding its consequences on human health and the environment. Moreover, the advisory group stated that native corn varieties should be preserved. On March 12, 2004, the CEC released a draft of "Maize and Biodiversity: The Effects of Transgenic Maize in Mexico," an independent report written by many of the world's leading experts. The report was presented before almost 400 people at a symposium in Oaxaca, attended by maize growers, industry groups, academics, environmental and government officials. The CEC report was undertaken in 2002 following a petition by several communities and nongovernmental organizations to investigate the claim that genetically modified material had been found among traditional Mexican varieties of maize despite a moratorium on its planting. Under Article 13 of the North American Agreement on Environmental Cooperation, a side accord to NAFTA, the CEC Secretariat appointed an international advisory group to steer the development of the report and advise the governments of Canada, Mexico and the United States. The advisory group will present its recommendations to the three governments in June based, in part, upon public comments received at the symposium. (Source: *La Jornada*, 3/12/04)

SUGAR BEING SMUGGLED INTO MEXICO

According to a local newspaper, the Federal Agency of Investigation in Mexico seized 2,700 MT of sugar that was imported illegally from Guatemala and Brazil through the northern border. Mexican customs will verify this issue and will assign the corresponding tariffs. The sugar was packed in 54,254 bags, 50 kg each. (Source: *Reforma*, 3/15/04)

TRADE AGREEMENT WITH JAPAN

Japan announced a final accord on a free trade pact with Mexico which is expected to become effective in January 2005. The announcement in Tokyo ended 16 months of tough negotiations between the two countries, the Kyodo news service reported. Mexico will become the second trading partner with Japan to have signed a free trade agreement, after Singapore, which signed its FTA with Japan in 2002. The agreement with Mexico also marks the first comprehensive deal for Japan that covers the agricultural sector, the most heavily protected area and a politically sensitive sector for Japan, the report said. Mexico conceded in the industrial products sector, agreeing to abolish tariffs on all types of steel products from Japan within the next ten years. Mexico will also create additional duty-free import quotas for Japanese automobiles including passenger cars and small buses and trucks. Japan agreed to establish an import quota of 4,000 tons for orange juice on which tariffs will be halved for the first year. The quota will be expanded up to 6,500 tons from the fifth year. Japan will also halve tariffs on 38,000 tons of high-quality pork from Mexico in the first year, and expand the quota to 80,000 tons from the fifth year. (Source: *El Financiero* and *Reforma*, 3/11/04)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

Number	Title	Date
MX4035	Weekly Highlights & Hot Bites Issue #10	3/9/04
MX4036	BSE Update Third Edition	3/11/04

We are available at <http://www.fas-la.com/mexico> or visit our headquarters' home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

FAS/MEXICO EMAIL

To reach us at FAS/Mexico City:

AgMexico@usda.gov and/or ATOMexico@usda.gov